Pursuant to 47 C.F.R. §§ 1.743(c), 1.913(c), 5.54(c), the preceding document is a copy of the original signed affidavit, which was filed as an attachment to Exhibit 2 to the Form 490 applying for the Commission's consent to transfer control of Part 22 licenses held by Detroit SMSA Limited Partnership from Ameritech Corporation to SBC Communications Inc. That Form 490 was filed concurrently with this application.

Affidavit of Paul G. Osland

AFFIDAVIT OF PAUL G. OSLAND

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

PAUL G. OSLAND, being duly sworn, deposes and says:

1. My name is Paul G. Osland and I am Director of Corporate Strategy at Ameritech. The purpose of this affidavit is to explain the background and the current status of Project Gateway. Project Gateway was a defensive strategy initiated to test the viability of offering local service (on a resale basis), together with a variety of other features and services on a bundled basis, to existing residential cellular customers of Ameritech in St. Louis, Missouri.

2. I have been employed by Ameritech or its predecessors for nineteen years. From 1979-1985, I worked at Indiana Bell in a number of operational assignments. From 1985-1992, I worked at Ameritech Services in various marketing and planning assignments. In 1993, as a part of Ameritech's transformation into a business organized around customer segments, I was named Vice President of Strategic Marketing for Ameritech Long Distance Industry Services (ALDIS). In 1995, I was named Vice President of Marketing for the same unit. ALDIS' responsibility is to serve the approximately 150 long distance carriers that purchase products from Ameritech. In 1997, I was named Director of Corporate Strategy within

Ameritech's Corporate Strategy and Development group. I am a graduate of DePauw University in Greencastle, Indiana with a degree in Economics.

3. In my current assignment as a Corporate Strategy Director, I provide support for the planning efforts of several business units including Ameritech Cellular, the unit responsible for our St. Louis wireless business and the Project Gateway proposal. During Ameritech Cellular's formulation of that proposal, I met with the project leaders on numerous occasions to provide support and advice.

4. Project Gateway was developed by Ameritech Cellular primarily as a defensive strategy in response to a perception in early 1997 that other wireless competitors in St. Louis—such as AT&T, MCI, Sprint PCS and Nextel—were planning to offer local service to cellular subscribers as part of a bundling strategy which would add local and long distance, and perhaps other services, to their wireless offerings. In essence, Project Gateway proposed a marketing initiative whereby Ameritech Cellular would seek to bundle resold services with its wireless product to protect its cellular customer base in the face of substantial emerging competition. The business plan supporting the proposal was built on resale and did not assume the use of any Ameritech network facilities. At its core, Project Gateway was a discrete and limited initiative designed to protect the value of Ameritech's cellular business in St. Louis against erosion caused by the anticipated introduction of bundled services offerings by wireless competitors in that market.

5. The Telecommunications Act of 1996 and other regulatory developments (including the FCC's PCS auctions) fostered an increasingly competitive environment in the St. Louis cellular market. That environment manifested itself with the introduction of the AT&T, Sprint PCS and Nextel wireless services in 1997. That new competitive entry, along with the contemporaneous filings by AT&T, Sprint and MCI (which was reselling SBC's cellular service) for CLEC certification in Missouri, caused Ameritech Cellular to review its marketing strategy in St. Louis. Project Gateway emerged from that review and recommended a bundled cellular/local exchange offering in St. Louis as part of an effort to minimize losses to the new wireless providers, who seemed prepared to offer similar service packages.

6. Project Gateway was initially intended as a proposed offering to Ameritech Cellular's existing residential and small business wireless customers in St. Louis. In July 1997, issues with system interfaces and development were identified in the small business segment. As a result, the scope of the proposed offering was reduced to targeting only Ameritech's existing residential cellular subscribers in St. Louis, who represented less than 50% of its cellular customer base in that market.

7. Project Gateway did not assume any facilities-based wireline local service as part of its bundled services proposal and required no use of existing Ameritech wireline facilities. Its business plan and financial projections were based exclusively on the resale of Southwestern Bell's local exchange service. In addition, Project Gateway's proposed service packages were priced to attract cellular custom-

ers desiring a complement of value-added features. The proposed offering never assumed any material impact on residential customers who did not want wireless service as part of a bundle. Consequently, while the Project Gateway proposal included a local service and long distance package as one of its five bundled options, the pricing of that option standing alone was not designed to appeal to Southwestern Bell's local exchange subscribers in St. Louis nor would that option have supported a viable business plan.

8. As part of the planning phase for Project Gateway, Ameritech Cellular started an employee user trial of the bundled services and systems on January 26, 1998. By the end of March, there were approximately 390 employees and their families in St. Louis participating in the trial. The trial identified problems in a number of different areas. First, the bill format—which was based on the existing cellular bill—was confusing and difficult for existing customers to understand. Second, the pricing plan, which was designed as a postalized rate, provided value to some customers but limited value to others. The overall discount that customers received was greatest when they purchased local, long distance and cellular, but dropped off significantly as the number of services and features decreased (particularly with long distance and cellular). Third, increased competition in St. Louis was already starting to place greater than anticipated downward pressure on rates for both cellular and long distance service, thus reducing the economic attractiveness of some of the packages for consumers and undercutting the business assumptions supporting

the project. Fourth, performance during the trial was hindered somewhat by order processing errors.

9. The financial prospects for Project Gateway were diminished by the delay past the third quarter of 1997 due to operational problems, reduction in the scope of the proposed offering (from residential and small business to residential only) and challenges in finalizing the proposed service packaging and rates. Even under the proposal's original assumptions, Ameritech Cellular anticipated a net income loss for the first three years and a projected free cash flow loss through the fifth year.

10. The rollout of Project Gateway is on hold. The reason the project is on hold is that the merger agreement created several different Project Gateway scenarios that were not in the best interest of our customers or our shareholders. The first concern is that of Ameritech Cellular's incurring financial losses from the project for the foreseeable future even though there is a substantial probability (at least 50%) that the St. Louis property will be sold to satisfy antitrust and other regulatory requirements. The second concern is that this bundled offering may not be desirable to potential buyers given projected losses and the need for significant additional cash infusions, thereby limiting the number of interested parties willing to bid for the property and potentially lowering the price for the property. Lastly, if Ameritech were to roll out the service only to have the new owner discontinue the offering, customer confusion and inconvenience would likely result.

11. In addition to the merger related concerns, the need to address operational issues also facilitated the decision for the project to be placed on hold. These issues included changing the bill format to be more user friendly (which would take approximately 4-6 months) and expanding the pricing plans to increase the number of cellular customers to whom we can deliver attractive offerings. Additional work was also deemed necessary in order to correct order processing errors, and to train Southwestern Bell technicians and Ameritech sales and service representatives.

12. A separate and important operational issue also contributed to the decision to place the project on hold. Ameritech Cellular had begun to convert its St. Louis wireless system to digital service, a major undertaking to enhance the performance and acceptance of cellular service. Continuing the digital rollout and implementing a bundled service offering simultaneously would be extremely challenging. The network and IT side of the business, as well as the sales and marketing end, would have had difficulty supporting two distinctly different marketing programs.

13. Finally, the Ameritech bundled offering has become a lower priority since the new PCS entrants have not offered a bundled services offering to date, as originally anticipated as a part of Project Gateway.

14. The decision to put the trial on hold was solely and unilaterally reached by Ameritech.

I declare under penalty of perjury that the foregoing statements are true and correct.

Paul G. Osland

Sworn and subscribed before me

this 21st of July, 1998

"OFFICIAL SEAL"
CATHERINE LAAKKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3/10/2002

NOTARY PUBLIC

My Commission Expires: 3/10/2002

Pursuant to 47 C.F.R. §§ 1.743(c), 1.913(c), 5.54(c), the preceding document is a copy of the original signed affidavit, which was filed as an attachment to Exhibit 2 to the Form 490 applying for the Commission's consent to transfer control of Part 22 licenses held by Detroit SMSA Limited Partnership from Ameritech Corporation to SBC Communications Inc. That Form 490 was filed concurrently with this application.

AFFIDAVIT OF FRANCIS X. PAMPUSH

WASHINGTON)
) SS:
DISTRICT OF COLUMBIA)

FRANCIS X. PAMPUSH, being duly sworn, deposes and says:

I. Introduction

1. My name is Francis X. Pampush. I am Director of Economic and Policy Studies at Ameritech Corporation. My business address is 35th Floor, 30 South Wacker Drive, Chicago, Illinois 60606.

2. I earned a Bachelor of Arts degree in economics from Miami University in Oxford, Ohio in 1976. In 1988, I received a doctorate degree in economics from the University of North Carolina at Chapel Hill, where my dissertation was on telecommunications pricing issues. I have also earned the professional designation of Chartered Financial Analyst from the Association of Investment Management and Research. I have taught economics at the University of North Carolina at the undergraduate level and economics and finance at North Carolina State University and Georgia State University at the MBA level.

3. During my studies at the University of North Carolina, I was also employed at the Research Triangle Institute as a research economist, working

primarily with the Department of Energy and various investor-owned electric utilities. From 1982 to 1991, I was employed by BellSouth Corporation in various regulatory and planning positions. From 1991 to 1996, I was a consultant with Southern Engineering Company, where my work involved providing economic analysis and counsel to industries in network industries emerging into competitive markets, such as telecommunications and electricity.

4. I have held my position at Ameritech since May 1996. My duties are to provide economic counsel on a variety of public interest, policy and business issues. As part of my responsibilities, I oversee or coordinate the analysis and reporting of competitive information that is used by Ameritech both internally and in public forums at the state and federal levels. I have represented Ameritech before the Federal Communications Commission (the "Commission") on the issue of competitive analysis. In fulfilling my competitive analysis responsibilities, I use existing Ameritech reports and I also have prepared for my own use specific reports on the competitive situation. As part of my job, I continuously assess the market and regulatory circumstances in the Ameritech states.

5. The purpose of my testimony is to describe the nature and extent of local exchange competition that Ameritech faces in its five state service territory of

Illinois, Indiana, Michigan, Ohio, and Wisconsin.[1] My market focus is on the land-line local exchange business.

6. Section II provides a snapshot of the competitive situation in the local exchange business in the Ameritech service territories. The review describes the situation with total service resale ("TSR") as well as facilities-based competition. The major conclusion is that competitors have successfully obtained customers by both the resale and facilities-based method.

II. Competition in Local Exchange Services

A. Summary of Competitors

7. As of May 1998, 231 telecommunications carriers had obtained certification to provide competing local exchange service in one or more of Ameritech's in-region states.[2] As of May 1998, Ameritech had signed interconnection agreements with 201 competing providers of local exchange service. At present, 175 of the agreements have been approved by state commissions. To the best of Ameritech's knowledge, approximately 50 companies are actually engaged in some type of local exchange competitive activity (either offering retail service or whole-

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1 Ameritech's service territory covers about 25 percent of the five-state area, but contains about 72 percent of the state access lines.

2 This does not include agreements with Ameritech affiliates.

sale elements) or are building facilities to offer such services.[3] Attachment A lists the firms that are active in each state in the region, and based on historical growth, more are expected.

8. Attachment A shows that the active competitors include integrated telecommunications providers such as WorldCom/MCI/Brooks/MFS/ UUNet and AT&T/TCG/TCI that are international in scope. The list also includes resellers such as USN Communications and Millennium that are national or regional in scope. Some of the providers, such as QST, are pure wholesalers or "carriers' carriers." Others, such as Winstar, provide both wholesale (transport) services and retail services (both TSR and facilities-based). The active firms range from the small, home-grown (Phone Michigan) to the multi-nationals (AT&T/TCG/TCI). The firms use a variety of entry methods to provide suites of retail exchange and exchange access voice services, data services and (in some cases) wholesale transport services.

B. Resale Competition

9. At least thirty-seven of the 50 active CLECs offer some local exchange telephone service by reselling Ameritech services that are purchased at an

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[3] The list of active CLECs is derived from Ameritech provisioning data (e.g., unbundled loops, end-off integration trunks or resold lines), from press releases or Internet web site statements of the companies themselves or from the trade press.

avoided-cost discount.[4] As of May 1998, these competitors were reselling over 635,000 lines region wide, an increase of 473 percent over year-ago levels. This increase occurred despite the widely-publicized decision by AT&T to stop marketing (but to continue selling) lines. With the exception of Indiana, the geographic coverage of resold lines is almost complete throughout the Ameritech five-state region. The ubiquity of the resold lines demonstrates that nearly every Ameritech customer, outside of Indiana, has available at his or her neighborhood wire center at least one, and sometimes several, alternative providers of resold local exchange services.

10. The resale of the ILEC's retail services at avoided-cost discounts is not just an initial entry strategy. For example, USN Communications, Inc. is building a business case on a resale strategy. As of last February, the Chicago-based firm said it had sold almost one-quarter million lines.[5] Millennium is another firm that is operating in the region on a pure resale basis.

11. Resale competition is included in this review because it is an important form of local competition. The resale of Ameritech lines has an important disciplining effect on the local market segment. First, there is the price aspect. The

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[4] In Chicago, 13 entrants resell local service. See, Description of the Transaction, Public Interest Showing and Related Documents (Public Interest) at Table 6.

[5] "USN Communications Sells 220,000 Lines," Newsbytes, February 17, 1998.

wholesale discount varies somewhat from state to state, and service by service, but in Ameritech's region, over most all services, it averages about 20 percent. Accordingly, resellers can and do undercut Ameritech retail rates, even after covering marketing and billing costs. Second, resellers can combine resold Ameritech lines with other Ameritech services or with services from third parties (e.g., cable TV, Internet access, long-distance) to create unique competitive packages. Such creative marketing and packaging competition is clearly a consumer benefit.

12. Finally, resellers fill an informational role; their marketing efforts demonstrate that there are numerous firms from which customers can select service and thus create an overall awareness that competitive alternatives are available. Other firms, including facilities-based entrants, benefit from the spillover effect that reseller marketing can have to educate the consumer as to the existence and capabilities of new providers. Accordingly, resellers play an important role in the development of the competitive telecommunications market that inures to the benefit of both consumers and other competitive entrants.

C. Facilities-based Competition

13. To date, at least 20 companies in the Ameritech-served region provide local exchange, exchange access, or wholesale elements (*e.g.*, rights of way, transport, or switching services) over their own facilities. The growth of facilities-based

exchange access service can be seen by end-office integration trunks.[6] According to the data provided by Mr. Appenzeler, Ameritech now provides (as of June 22, 1998) over 180,000 EOI trunks. Ameritech also provides over 94,000 unbundled loops. In addition, the facilities-based CLECs operate (or are expected to be operating by year-end) over 120 switches in the region. The switches include Nortel DMS 100's and 500's and Lucent 5ESS's, the same switches used by any major telecommunications carrier including Ameritech.

14. As of July 1, 1998, CLECs have co-located their equipment in more than 260 wire centers in the Ameritech region, or about 23 percent of the wire centers. Co-location in these wire centers permits co-located CLECs to access about 63 percent of all Ameritech-served business lines and over 50 percent of all Ameritech-served residential lines, exclusive of the potential customers that can be reached via a direct connection to the CLEC's own network. And today, CLECs have backbone networks of over 5,000 route miles, covering the most dense areas of the local exchange market. CLECs therefore can access their primary customer target (business customers) while economizing on hard asset deployment.

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[6] End-office integration trunks connect CLEC switches to Ameritech tandem offices (or end-offices) for purposes of exchanging traffic. Each trunk group is expressed as a DS-O (64 kbps) equivalent.

I declare under penalty of perjury that the foregoing statements are true and correct.

Francis X. Pampush

Sworn and subscribed before me

this 21 of July, 1998

NOTARY PUBLIC

My Commission Expires: 10/14/99

Pursuant to 47 C.F.R. §§ 1.743(c), 1.913(c), 5.54(c), the preceding document is a copy of the original signed affidavit, which was filed as an attachment to Exhibit 2 to the Form 490 applying for the Commission's consent to transfer control of Part 22 licenses held by Detroit SMSA Limited Partnership from Ameritech Corporation to SBC Communications Inc. That Form 490 was filed concurrently with this application.

Actively Competing CLECs - Region

CLEC	Method		Target		Data &					
	Resl	FB	Bus	Res	Internet	IL	IN	MI	OH	WI
AMI	X					X				
Annox, Inc.	X			X			X			
AT&T/TCG/TCI	X	X	X	X	Yes	X	X	X	X	X
Buckeye									X	
Building Communications, Inc.	X		X	X				X		
Caltech Telecom Group	X		X	X		X				
Cimco Communications	X		X	X		X	X			X
Clarity	X		X			X				
Climax		X						X		
CMC	X		X	X				X		
Communications Buying Group	X		X						X	
Communications Options	X								X	
Dakota Services		X	X		Yes			X		
Digicom	X								X	
Easton	X		X					X	X	
Focal Communications		X	X			X	X			
Frontier Communications	X	X	X			X	X	X	X	X
Global Telecom	X		X			X			X	X
Globalcom	X		X			X	X			X
ICG Telecom Group, Inc.	X	X	X		Yes				X	
Intermedia		X	X		Yes	X	X			
KMC		X	X							X
LCI	X		X			X	X	X	X	
LJSS General	X					X				
MCI Metro	X	X	X	X	Yes	X		X	X	X
McLeodUSA (CCT)	X	X	X	X	Yes	X				X
MGC Communications		X	X			X				
Midplains Communications	X		X							X
Midwestern Telecom	X			X		X				
Millennium	X		X	X		X		X	X	X
Network Recovery Services	X		X	X						X
Nextlink		X	X		Yes	X	X	X	X	
OCOM (CellularOne)	X		X	X					X	
Omniplex Communications	X		X	X		X				
OnePoint Communications	X			X		X				
One-Stop Communications	X		X	X		X				
Phone Michigan		X	X	X				X		
PSC Primeco		X	X	X		X	X			X
QST Communications		X				X				
Qwest		X				X				
Sprint	X		X	X		X				
TDS	X		X					X		X
Telephone Associates	X		X							X
Time Warner		X	X				X		X	X
United Communications, Inc.	X		X			X				X
US XChange	X		X	X			X			X
Ushman Communications	X		X			X				
USN Communications	X		X	X		X	X	X	X	X
WinStar	X		X	X	Yes	X		X	X	X
Worldcom/MFS/Brooks	X	X	X		Yes	X	X	X	X	X
50	37	18	39	21	9	30	14	16	18	20

Actively Competing CLECs - Illinois

CLEC	Method		Target		Data /		
	Resl	FB	Bus	Res	Internet	Il	Activity
AMI	X					X	Business services
AT&T/TCG/TCI	X	X	X	X	Yes	X	Facilities via TCG
Caltech Telecom Group	X		X	X		X	
Cimco Communications	X		X	X		X	Mostly enhanced data, but opening voice in Il.
Clarity	X		X			X	34 resale lines in April report.
Focal Communications		X	X			X	Business services
Frontier Communications	X	X	X			X	Local in selected areas, LD (throughout territory).
Global Telecom	X		X			X	
Globalcom	X		X			X	Reseller.
Intermedia		X	X		Yes	X	Enhanced data, but plans for voice-over.
LCI	X		X			X	Fac.-based and reseller in most of 5 states.
LJSS General	X					X	Some resale lines
MCI Metro	X	X	X	X	Yes	X	Uses UBL, EOI, resale, and res/bus white pages.
McLeodUSA (CCT)	X	X	X	X	Yes	X	Bought CCT: resale from MCLD, CCT has fac.
MGC Communications		X	X			X	MSA-1 of Il.
Midwestern Telecom	X			X		X	Reseller.
Millennium	X		X	X		X	Reseller: mostly Wis & Il.
Nextlink		X	X		Yes	X	Fac.-based mostly in Ohio. DSL in Michigan.
Omniplex Communications	X		X	X		X	Reseller.
OnePoint Communications	X			X		X	Reseller.
One-Stop Communications	X		X	X		X	Reseller in Illinois focusing on businesses.
PSC Primeco		X	X	X		X	Wireless PCS covering Gary, Chicago, Milwaukee.
QST Communications		X				X	Cilcorp sub providing whlsl transport
Qwest		X				X	Co-location only.
Sprint	X		X	X		X	Local, long-distance, PCS: facilities-based.
United Communications, Inc.	X		X			X	Reseller
Ushman Communications	X		X			X	Reseller.
USN Communications	X		X	X		X	Reseller
WinStar	X		X	X	Yes	X	Wireless Hi-CAP; switched services in Chicago.
Worldcom/MFS/Brooks	X	X	X		Yes	X	Fully integrated (LD, local, enhanced data) provider.
TOTAL	**23**	**12**	**24**	**14**	**7**	**30**	

Actively Competing CLECs - Indiana

CLEC	Method		Target		Data / Internet	Count	Activity
	Resl	FB	Bus	Res			
Annox, Inc.	X			X		X	Reseller with white pages listings.
AT&T/TCG/TCI		X	X		Yes	X	Facilities via TCG
Cimco Communications	X		X	X		X	Mostly enhanced data, but opening voice in Il.
Focal Communications		X	X			X	EOI, but no co-location.
Frontier Communications	X		X			X	Local in selected areas, LD (throughout territory).
Globalcom	X		X			X	Reseller
Intermedia		X	X		Yes	X	Enhanced data, but plans for voice-over.
LCI	X		X			X	Fac.-based and reseller in most of 5 states.
NextLink		X	X			X	EOI. Building, but not selling.
PSC Primeco		X				X	Wireless PCS covering Gary, Chicago, Milwaukee.
Time Warner		X	X			X	Facilities-based, offering voice in Columbus Ohio.
US XChange	X		X	X		X	Active primarily in Wisconsin (Appleton).
USN Communications	X		X	X		X	Reseller
Worldcom/MFS/Brooks	X	X	X		Yes	X	Fully integrated (LD, local, enhanced data) provider.
TOTAL	**8**	**7**	**12**	**4**	**3**	**14**	

(Resellers and facilities-based. Various sources)

Actively Competing CLECs - Michigan

CLEC	Method		Target		Data /		Activity
	Resl	FB	Bus	Res	Internet	Mi	
AT&T/TCG/TCI	X		X	X	Yes	X	Facilities via TCG
Building Communications, Inc.	X		X	X		X	Integrated services to MDUs.
Climax		X				X	ICO expanding territory. EOI trunks and UBL.
CMC	X		X	X		X	Resale
Dakota Services		X	X		Yes	X	DSL via unbundled loops
Easton	X		X			X	Resale.
Frontier Communications	X		X			X	Local in selected areas, LD (throughout territory).
LCI	X		X	X		X	Resale
MCI Metro	X	X	X	X	Yes	X	Uses UBL, EOI, resale, and res/bus white pages.
Millennium	X		X	X		X	Reseller: mostly Wis & Il.
Nextlink		X	X		Yes	X	Fac.-based mostly in Ohio. DSL in Michigan.
Phone Michigan		X	X	X		X	Fac.-based focused in Michigan.
TDS	X		X			X	Resale.
USN Communications	X		X	X		X	Reseller
Winstar		X	X		Yes	X	Acquired Midcom. Wireless CAP.
Worldcom/MFS/Brooks	X	X	X	X	Yes	X	Fully integrated (LD, local, enhanced data) provider.
TOTAL	**11**	**7**	**15**	**9**	**6**	**15**	

(Resellers and facilities-based. Various sources)

Actively Competing CLECs - Ohio

CLEC	Method		Target		Data /		Activity
	Resl	FB	Bus	Res	Internet	Count	
AT&T/TCG/TCI	X	X	X		Yes	X	Facilities primarily through TCG
Buckeye						X	
Communications Buying Group, In	X		X			X	Reseller recently purchased by ICG.
Communications Options	X					X	Reseller.
Digicom	X					X	Reseller.
Easton	X					X	Reseller.
Frontier Communications	X		X			X	Local in selected areas, LD (throughout territory).
Global Telecom	X		X			X	Reseller.
ICG Telecom Group, Inc.	X	X	X		Yes	X	Fac.-based offering voice and enhanced data in Ohio.
LCI	X		X			X	Fac.-based and reseller in most of 5 AIT states.
MCI Metro	X	X	X		Yes	X	Intends to merge with Worldcom.
Millennium	X					X	Reseller: mostly Wis & Il.
Nextlink		X	X			X	Facilities-based carrier mostly in Ohio.
OCOM (CellularOne)	X		X	X		X	Reseller in Columbus area per news stories.
Time Warner		X	X			X	5ESS and fiber in Columbus also offers cable TV.
USN Communications	X		X	X		X	Reseller.
Winstar		X	X			X	EOI, CAP services.
Worldcom/MFS/Brooks	X	X	X		Yes	X	Access svcs; resold lines; has infrastructure.
TOTAL	**14**	**7**	**13**	**2**	**4**	**18**	

(Resellers and facilities-based. Various sources)

Actively Competing CLECs - Wisconsin

CLEC	Method		Target		Data / Internet	Wi	Activity
	Resl	FB	Bus	Res			
AT&T/TCG/TCI	X	X	X	X	Yes	X	Facilities primarily through TCG
Cimco Communications	X		X	X		X	Mostly enhanced data, but opening voice in Il.
Frontier Communications	X		X	X		X	Local in selected areas, LD (throughout territory).
Global Telecom	X		X	X		X	Reseller.
Globalcom	X		X			X	Reseller.
KMC		X	X			X	Non-utility elec. generator branched into telecom.
MCI Metro	X	X	X	X	Yes	X	Uses UBL, EOI, resale, and res/bus white pages.
McLeodUSA	X		X		Yes	X	Fac-based and Centrex-block reseller in Il, Wis.
Midplains Communications	X		X			X	Reseller.
Millennium	X		X	X		X	Reseller: mostly Wis & Il.
Network Recovery Services	X		X	X		X	Reseller
PSC Primeco		X	X	X		X	Wireless PCS covering Gary, Chicago, Milwaukee.
TDS	X		X			X	Wisconsin ICO with many wireless properties.
Telephone Associates	X		X			X	Milwaukee
Time Warner		X	X			X	Facilities-based, offering voice.
United Communications, Inc.	X		X			X	Reseller
US XChange	X	X	X	X		X	Active primarily in Wisconsin (Appleton).
USN Communications	X		X	X		X	Reseller
WinStar	X		X	X	Yes	X	Wireless Hi-CAP; switched services in Chicago.
Worldcom/MFS/Brooks	X		X			X	Reseller.
TOTAL	**17**	**6**	**20**	**11**	**4**	**20**	

(Resellers and facilities-based. Various sources)

AFFIDAVIT OF WHARTON B. RIVERS, JR.

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

WHARTON B. RIVERS, Jr., being duly sworn, deposes and says:

1. My name is Wharton B. Rivers, Jr. I am President of Ameritech Network Services, and as such, I am responsible for managing and operating Ameritech's five state communications network and for providing related technical and operations support. I have held this position since January, 1997.

2. I have a Bachelor's degree in history and government from Columbia College in Missouri and a masters in international relations from Boston University. I completed advanced graduate study and research as a National Security Fellow at the John F. Kennedy School of Government at Harvard University. I became a career military officer and spent 20 years in the US Army, during which time I held a variety of high-level command and staff positions culminating in an assignment as strategic planning and policy specialist with the Joint Chief of Staffs at the Pentagon. Thereafter, I spent seven years at MCI in vice presidential roles involving several functions, including marketing, financial administration, network service delivery and carrier management.

3. In May of 1996 I became Vice President of Operations for Ameritech Network Services responsible for network reliability and security, network and service

order provisioning and central office operations. In January of 1997, I assumed my current position. As head of Network Services, I am responsible for 20.5 million business and residential telephone lines and for setting service standards, attaining competitive cost structures and delivering high-quality network reliability. Network Services is comprised of customer provisioning and maintenance, engineering, operations, operator services, service integration and delivery, human resources, finance and corporate communications.

4. In this affidavit, I will (I.) describe the activities we have undertaken to track and improve our service levels for both retail and wholesale customers, (II.) outline state regulatory "quality of service" requirements and enforcement mechanisms, (III.) describe how we have performed against the requirements and what we are doing to improve our performance, and (IV.) attempt to provide some illustration of how a "best practices" integration of SBC's and Ameritech's network operation will benefit customers of both companies.

I. AMERITECH'S INTERNAL STANDARDS.

5. Our customers rely on the services that Ameritech provides as a public utility. Their needs are changing and their expectations of our performance in meeting our obligations to them continues to grow. In addition, Ameritech is competing in an increasingly competitive environment. Competitors are targeting our customer base, deploying advanced networks that offer fast, efficient, and reliable high-speed voice and data services, which is having the effect of driving down prices. We must increase our operating efficiency and reduce unit costs so that we can continue to offer our customers

competitively priced, reliable products and services. We cannot sacrifice either operating efficiencies or customer satisfaction.

6. Customer service is measured in a variety of ways. While Ameritech has always used internal operating metrics to gauge customer service, we are now much more focused on those measures that are most important to our customers. We utilize customer research to better understand what drives customer satisfaction, what our customers are thinking, and how we are doing. In addition, we are increasingly utilizing internal and external measurement reviews to assess how we compare to others.

7. Network Services tracks against 39 key performance measurements. Network Services' internal operational goals are equal to or more stringent than the regulatory service quality standards of the regulators in each of the five states in which we operate. Unlike the regulatory standards, the internal goals applied to each measurement are generally increased on an annual basis to ensure that we are continuously improving our levels of service.

8. We focus on four key areas to ensure high quality customer service: Process Management, Performance Management, Technology and Network Architecture. For example, we are currently working to improve the repair processes for POTS ("Plain Old Telephone Service") and HiCap (service with DS1 or greater capacity). We are redesigning the POTS repair process from start to finish. This end-to-end redesign will require changes to systems, tools, processes and the organization. Our objective is to shorten the repair interval and, thereby, improve customer satisfaction. Earlier this year, we opened the HiCap Proactive Maintenance Center. The center addresses performance

problems before the customer experiences an outage. We expect to proactively monitor 22,000 circuits by the end of the year. This should significantly reduce initial trouble reports by a third and reduce new circuit failures by 16%.

9. The most advanced tools are required for our employees to provide high quality service in an increasingly cost-effective manner. We continue to invest in operational support system enhancements to enable us to diagnose troubles correctly the first time. We utilize intelligent voice response units to route customer trouble calls by product type. This ensures that knowledgeable experts answer the calls. We are implementing an automated retest system to identify troubles waiting for dispatch that have cleared naturally. Customers are proactively notified. We have implemented a new-order entry system in Small Business Resource Centers that makes it easier and faster for sales reps to accurately enter sales orders. Accurate orders offer significant customer benefits in terms of timely and accurate order fulfillment. Small Business has also introduced intelligent call-control technology to ensure customer calls are directed to the appropriate resources. In the Consumer unit, we have implemented regional call flow. This enables us to route calls to the next available service rep regardless of where the rep is located. This results in better force utilization and better customer service.

10. On the repair/service side, Ameritech is purchasing handheld computers to deploy to its service repair personnel. These computers allow the service team to know when and where they need to be and help them if they need to reschedule an appointment to ensure that they are using their time most efficiently. This system is expected to

improve productivity by 5 to 10%. We are also evaluating a wireless system that would improve productivity up to 20%.

11. To meet our customers' current and evolving needs, we are deploying a more reliable and cost-effective network architecture. We are supporting products that increase efficiency for handling dial-up Internet traffic and other data services. To improve network reliability and decrease installation and repair intervals, we are selectively introducing new local loop technologies. We are developing a network architecture that enables us to transport voice, data, and multi-media services on a single integrated platform. For example, we are currently migrating the network architecture to a SONET-based system.

12. We regularly monitor our performance because customer satisfaction is very important to us. Our internal performance standards are designed to prevent poor service which would result in dissatisfied customers.

II. STATE SERVICE REQUIREMENTS

13. State administrative codes and alternative regulation plans contain service quality measures and in most cases have reporting requirements. These state-imposed measures are not as tough as our own internal goals. Nevertheless, they set an important regulatory floor for performance. Following the merger we will, of course, continue to submit all required state and federal reports. The standards and enforcement mechanisms adopted by the five states in Ameritech's region are summarized in Attachment 1. The table in Attachment 2 compares the state standards with Ameritech's own internal goals.

III. PERFORMANCE AND REGULATORY SAFEGUARDS

14. Ameritech service levels have improved year after year in almost every category since 1995 based on state service quality measures as well as our own internal standards, which are more numerous than and are equal to or tougher than the state measurements objectives. Attachment 3 demonstrates our record of meeting the various state standards from 1995 through the first quarter of 1998. In some instances, the improvement has been significant.

15. In those cases where we haven't met our objectives, we have taken significant steps to correct the problems. As one example, our internal goal for ISDN was to make 90% of our appointments during 1997. We met that objective only in one quarter of the year. This year we raised the bar to an objective of making 95% of the ISDN appointments. We have hit the goal every month in 1998.

16. When we fail to meet our performance objectives, not only do we unilaterally strive to improve, but regulatory enforcement mechanisms provide a key safeguard. For example, in Michigan, during the fourth quarter of 1997, over $90,000 in customer credits were paid out due to service outages. There were 28,143 lines out-of-service for 4 days or less and 1,788 lines out of service 5 days or more. In the first quarter of 1998, customer credits were $270,000. The Wisconsin PSC initiated a service quality lawsuit in 1996 relative to performance levels in 1995 and the State Attorney General's office pursued the complaint. In May 1998, Ameritech settled the suit, at a cost of $615,000. After several service quality problems in 1995, a Public Utility

Commission of Ohio investigation of Ameritech's service quality resulted in forfeitures by Ameritech of $300,000.

17. In addition, private law suits provide another safeguard when parties believe that our service does not meet required standards. LCI and the Local Competitive User Group have recently filed with the FCC seeking specific performance measures for resale and unbundling. On October 30, 1996, AT&T filed a complaint in Michigan alleging that the quality of access service had deteriorated and was in violation of the Michigan Telecommunications Act. The parties negotiated a region-wide settlement agreement that covers a three-year period ending in July, 2000. The agreement established tariffed performance standards for installation and maintenance of DS0 and DS1 circuits and provides for credits when performance falls below the prescribed standards.

IV. SHARING "BEST PRACTICES" WILL IMPROVE PERFORMANCE.

18. I am a firm believer in the use of best practices analysis. By measuring and comparing operating performance, both internally across operation centers and externally with other companies, we are able to identify areas in which we excel and areas in which we lag. We regularly use such best practices reviews as a performance measurement tool. When performance gaps are identified, we try to understand what the best performers are doing. We can then develop improvement initiatives to raise our performance levels.

19. We were able to capitalize on sharing best practices among our state units when we centralized our operations a few years ago. The best practices from each state

were quickly implemented across the board where they resulted in improved operations in states where less effective practices had been in place. Three examples of these results are: (1) Ameritech Michigan had more positive customer feedback from its HiCap services to businesses, and we were able to incorporate Michigan's systems across the entire company. (2) All five states used the same loop maintenance operations system (LMOS), but had different feature sets. We were able to improve the LMOS by standardizing the feature sets. (3) Four of the five states used the same facility assignment system, but Wisconsin had its own home-grown variety and we were able to convert them to the system used by the others.

20. During the first quarter of 1998, to better understand CLEC service performance in key Ameritech markets, Network Services contracted with an outside vendor to measure Ameritech performance against CLEC performance. We were specifically interested in service delivery for local access lines. Data was collected on maintenance performance as measured by (a) Mean Time to Restore, (b) Repeat Failure Rate, (c) Missed Repair Appointments and (d) Reliability as measured by dial tone availability and number of blocked calls. We were then better able to understand what was best (or what were the best) practice(s) and in which areas to focus our resources.

21. In another example of how we used the best practices process, AT&T, our largest wholesale customer, which is familiar with the methods used by all major carriers in providing HiCap lines, preferred Southwestern Bell's HiCap procedures to those used by other companies, including our own. In December 1995, AT&T requested that we review the HiCap services producers at Southwestern Bell's Interexchange Carrier Center

in St. Louis, which many interexchange carriers consider to be the best in the industry. We were interested in substantially improving our Hi-Cap service performance in key Ameritech markets. As a result of this review process, we gained valuable insight into SWB's administrative processes, center sizing guidelines, circuit testing and turn-up procedures, proactive statusing and escalation routines, performance monitoring of HiCap circuits, procedures for handling chronic problems, Total Quality Management initiatives, and key service results. Consequently, because of AT&T's request, many of those procedures that were superior to those we were previously using have become standard with us. Business customers, interexchange customers, CLECs, wireless carriers, and others who use HiCap service have benefitted from our experience.

22. There are several areas where I believe sharing Ameritech's practices will provide significant benefits for SBC. With regard to productivity, for instance, we provide more new lines per installation employee than SBC does. We also have a state-of-the-art front end to our LMOS that we use when receiving repair calls from customers. We call it "Net Value." SBC will be able to use Net Value to improve its handling of customer calls.

23. The general opinion of network operations people is that SBC management at its top levels is extremely proficient at making strategic decisions that show they understand operations and have customer satisfaction in mind. On the other hand, Ameritech is a leader in performance management in actual field situations. If we can put these two levels of best practices together, we will have an operations management team unparalleled in the industry.

24. In fact, there's an opportunity to capitalize on the best practices of the two companies in every substantial business operation and practice involved in network services. That means that operations costing between $4 and $5 billion a year would be subject to potential efficiencies for Ameritech alone and close to three times that amount would be involved for the combined companies. We would compare the processes, service costs, and results, identify the differences and the sources of those differences, determine which process provides the best result, investigate the trade-offs involved in switching between the two sets of practices, and then move to implement a common practice throughout the new company. Following that, we would be able to recognize the improvements or track and understand the resulting variations.

25. As our marketplace continues to become more competitive, it is more difficult and less appropriate to share information among telephone companies. Generic studies are becoming the norm. Additionally, we rely more on our system and technology vendors to provide performance-enhancing insights. There is no question that this merger of SBC and Ameritech, which will permit the opportunity to compare performance across operating measures, to delve into operating practices, and to exchange the best ideas among the operating subsidiaries of the combined company, will surely permit customer service improvements. The real winners will be the customers – who will benefit from improved customer service levels.

I declare under penalty of perjury that the foregoing statements are true and correct.

Wharton B. Rivers, Jr.

Sworn and subscribed before me

this 21st of July, 1998

"OFFICIAL SEAL"
KURT B. BALDER
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 2/13/2002

NOTARY PUBLIC

My Commission Expires: 2/13/02

Attachment 1
to the Affidavit of Wharton B. Rivers

1. Service Obligations - As a public utility, Ameritech has service obligations in each of its jurisdictions. Service quality standards are covered in each state under the states' administrative codes which have been in existence for decades. Service quality standards are also an integral part of each state's Alternative Regulation Plan. These plans have been in effect since 1993. Additionally, each state's Price Cap Plan stipulates service quality measures. Reporting requirements differ by state.

The service quality components required by the five states are listed in the attached table.

2. Enforcement Mechanisms - Regulators pay close attention to service levels. When service standards are not met, regulators impose penalties which take different forms. In some states, refunds are given. In others, adjustments to the price cap index are made. There are some instances of fines being imposed. In all cases, poor performance puts success in future rate hearings at risk. Service quality is a central issue in the alternative regulation plan reviews in Illinois, Wisconsin, and Indiana. Poor service quality could put millions of dollars of revenue at risk.

Illinois -

a. The Illinois Service Quality Index includes eight service quality components.
b. Monthly reporting to the ICC is required on the Administrative Code measures. Annual reporting is required on the Price Cap service quality measures.
c. There are financial penalties associated with missing the service quality objectives identified in the Price Cap Plan. Total revenue under the price cap formula is approximately $1.6 billion. This amount decreases, as services are declared competitive. These penalties are based on average performance over the calendar year per measure.
d. A maximum 2.0% decrease in the price cap indices is possible if all eight benchmarks are missed. If this were the case, prices would be permanently decreased by $34.0 million. Each of the eight service quality measures is subject to a .25% rate reduction.

Indiana -

a. Service quality standards have been established under the Indiana Commission Administrative Code. The Code includes ten principle service quality measures.

b. The Indiana Alternative Regulation Plan, "Opportunity Indiana," which expired at the end of 1997, did not include a service quality component. The Plan's proposed replacement, Opportunity Indiana II, has not yet been adopted.

c. An interim alternative regulatory plan is in effect, pending approval of Opportunity Indiana II. It requires quarterly reporting of eight service quality components.

d. Neither the Indiana Alternative Regulation Plan nor the Indiana Administrative Code specifies fines or penalties for service quality results.

e. While the interim alternative regulatory plan does not specify any fines or penalties associated with service quality results, the most immediate ramification of poor service quality in Indiana is its effect on the Commission review of Opportunity Indiana II. Service quality and earnings are the major issues in the Opportunity Indiana II review. If service quality is found to be inadequate, the Commission could require a rate reduction as a condition of approval of Opportunity Indiana II, putting several million dollars at risk. A worst case scenario would be a rejection of Opportunity Indiana II, which would cause a loss in pricing flexibility and earnings growth. In that scenario, failure to provide quality service could trigger a rate case, where the financial cost of rate reductions would be as much as $50 million, according to the Ameritech Indiana regulatory policy group.

Michigan -

a. New standards for quality of service were issued under MPSC Case No. U-11040, which became effective July 16, 1996. The plan includes 8 service quality components.

b. The Michigan Commission does not require Service quality tracking reports, unless an objective is missed for three consecutive months.

c. The Michigan price cap formula contains no provisions for penalties. However, formal complaints resulting in Ameritech being found in violation of the price cap order can result in a first offense penalty of $20,000 per day, and a second offense penalty of $40,000 per day.

d. The Michigan administrative code requires customer bill adjustments on service outages over 24 hours. For the first four days, this amounts to a prorated monthly allowance. For the 5th day and beyond, the adjustment would be $5.00 per day.

Ohio -

a. The customer service measures in the administrative code served as the basis for those in the Price Cap Plan.

b. On June 26, 1997 the Commission issued an Order which revised its minimum telephone service standards for all local service providers in Ohio effective July 7, 1977.

c. Under the Administrative Plan reporting is required upon request. Under the Price Cap Plan, reporting is required on an annual basis.

d. Effective October 1, 1997, as the result of the June 26, 1997 Commission order, billing adjustments are required for missed objectives in out-of-service, installation, and repair. Subscriber billing adjustments are also required for directory listing errors.

e. While some exceptions to the customer credit rules exist, the prescribed adjustments are:

(1) Out-of-service > 24 hours:

(a) 24-48 hours - subscribers receive a prorated adjustment of their monthly bill;

(b) 48-72 hours - receive an adjustment equivalent to one-third of their monthly bill;

(c) 72-96 hours - receive an adjustment equivalent to two-thirds of their monthly bill;

(d) More than 96 hours - receive an adjustment equivalent to a full monthly bill.

(2) Missed Repair Appointment:

(a) Upon request of the customer, a missed on-premises repair appointment results in a credit in the amount of one-half of the monthly charges.

(3) Install within 5 Days:

(a) New service installed within 5 - 10 days results in a credit equivalent to one half of the installation charges. If installation requires more than 10 days, a full monthly credit is provided.

(4) Missed Appointments:

(a) Installation - Upon request of the customer, a missed scheduled on-premises installation appointment results in a credit of one half of the monthly installation charges.

(b) Repair - Upon request of the customer, a missed repair appointment results in a credit of one half the monthly rate of any inoperative service.

(5) White Pages Directory Listing Errors or Omissions:

(a) Credit of three months of local service.

Wisconsin -

a. The administrative code provides for various speeds of answer, repair, and transmission standards. It is currently under review.

b. The PSC has mandated price cap rules that include five service quality components. Each component has a two-tier target associated with it.

(1) Ameritech's performance must exceed an industry standard. The industry standard is derived from publicly filed FCC ARMIS 43-05 Reports.

(2) Ameritech's current year performance must meet or exceed the company's performance in the period prior to price regulation (1992-1994).

c. Reporting requirements for the Price Cap Plan are annual. Under the administrative code, monthly reporting is required.

d. The Price Cap Plan contains financial penalties for missed service benchmarks. There is a maximum 1% penalty. On a rate base of $200 million, the potential annual rate reduction is $2 million. The five benchmarks are equally weighted and can result in a maximum decrease of 0.8% in the price cap index. The PSC has an additional 0.2% to use at their discretion.

e. Non-compliance with the administrative code can result in judgements against the Company of up to $5000 per day per violation.

Other -

a. Ameritech has approximately 150 interconnection agreements with wholesale customers. These contracts stipulate performance measures and levels.

b. For resale customers, Ameritech is required to provide service at parity to service levels we provide to ourselves.

Service Quality Standards

Quantifiable Measurements

	Illinois		Indiana	Michigan		Ohio			Wisconsin		Federal
	Advantage Illinois Price Cap Plan	Admin Code (Sec 730.5)	Admin Code (170 IAC 7-1.1)	MPSC Order No U-11040	Notes	Advantage Ohio Price Cap Plan	MTSS Order No 96-1175-TP	Notes	Price Cap Plan (Act 496)	Admin Code PSC 165	(ARMIS 43-05) CC Docket 87-313
											Notes
1 Speed of Answer - Business Office (w/i 20 secs)	—	---	80%	"Convenient"		90%	60 sec avg		---	---	
2 Installation appointments met	—	92%	---	90%	1	90%	100%	5	---	---	4,9
3 Installation w/i 5 business days	95.44%	95%	90%	---		90%	100%	6	2.78 days avg	---	4,10
– w/i 90 days	---	---	---	---		99%	---		---	---	
4 Speed of Answer – Repair Center (w/i 20 secs)	---	---	80%	25 sec avg		90%	60 sec avg		20 sec avg	92%	
5 Out of Service Cleared w/i 24 hrs	95%	95%	Note 2	36 hrs avg	3	90%	100%	7	15.64 hrs avg	95%	4,11,12
– carried over to the next day			Note 4								
6 % Repeat Trouble reports	---	---	---	---	4	---	---		15.59%	---	4,9
7 Monthly Trouble Reports per 100 lines (Regulated Services)	2.66 or less	6 or less	10 or less	6 or less		6 or less	3 or less		1.88 or less	5 or less	4,9
8 Repair Commitments Met	—	---	---	90%		---	100%	8	---	---	
9 Operator Speed of Answer (secs)											
– Toll	3.6 avg	7.0 avg	3.3 avg	---		7.0 avg	20.0 avg		---	90% w/i 10.0	
– Directory Assistance	5.9 avg	7.0 avg	7.7 avg	10.0 avg		7.0 avg	20.0 avg		---	85% w/i 10.0	
– Intercept	6.2 avg	7.0 avg	7.7 avg	---		---	---		---	85% w/i 10.0	
10 Dial Tone Speed within 3 secs	96.80%	95%	95%	---		98%	98%		---	88%	
11 Call Completion Objectives											
– IntraLATA Toll	---	98%	92%	---		97%	97%		---	97%	
– Inter/Intra Office Local	---	98%	85%	---		---	97%		---	97%	
– Access	---	99%	99%	---		---	---		---	---	
12 Trunk Groups Blockage:	---	---									
– % with no blockage	---	---	97%	---		---	---		---	95%	
– Maximum below objectives	4.5	---	---	---		---	---		---	---	4,9
13 Service Regrade Completion:											
– W/i 30 days	---	---	90%	---		---	100%		---	---	
– W/i 90 days	---	---	---	---		90%	---		---	---	
– W/i one year	---	---	---	---		98%	---		---	---	
14 Transmission Loss (dB):											
– Subscriber Line	---	10.0	10.0	8.5		---	8.0		---	8.5	
– Analog Interoffice	---	7.0	---	± 3.6		---	---		---	6.0	
– Digital Interoffice	---	6.0	---	± 3.6		---	---		---	6.0	
– Analog Toll	---	4.0	---	---		---	6.0		---	6.0	
15 Transmission Loss (dBmc):											
– Subscriber Line	---	30.0	30.0	20.0		---	25.0		---	25.0	
– Toll Calls	---	---	---	---		---	36.0		---	36.0	
16 Reporting Requirements	Annual	Monthly	Quarterly	Quarterly		Annual	Upon Request		Annual	Monthly	Annual

17	Abnormal Condition/Service Disruption Report	---	w/i 30 days	---	w/i 90 min	---	w/i 120 min	---	"Promptly"		
18	Company Response Time on Complaints to Commission	---	---	24 hours	10 working days	---	10 working days	---	"Promptly"		
19	Total Switch Downtime										4,13
20	Switch Downtime										4
21	No. of Service Quality Complaints										4,14

Notes:

1 Applies to primary basic local exchange service only

2 "Service practices to ensure restoral within 24 hours"

3 All repair conditions included

4 Reported, but no standard set

5 Unless customer notified, 1/2 NRC is waived for miss. Premise appointment must specify AM or PM

6 If >5 days, 1/2 NRC is waived, if > 10 days all NRC waived

7 If >24 hrs , credit given for time out of service, up to full monthly charge waived for >96 hrs. Service affecting (not OOS) must be cleared w/i 72 hrs

8 Unless customer notified, 1/2 monthly chg waived for miss Premises appointment must specify AM or PM

9 Actual results are reported by state and consolidated

10 Actual avg installation intervals (in days) are reported

11 Out-of-service conditions only

12 All repair conditions included

13 Total and incidents under 2 min. (total and unscheduled)

14 Fed complaints—bus. and res.; State complaints—bus. and res

Attachment 2

to the Affidavit of Wharton B. Rivers

State Service Quality Objectives

	Measure	Regulatory Objective	Internal Measure	Internal Objective
Illinois	% install within 5 days	95.44%	% not installed within 5 days	4.56%
			% installation missed appointments	1.00%
	Trouble reports per 100 lines	2.66	Initial trouble report rates (POTS)	3.00%
	% Out of Svc > 24 hours	5%	% Out of Svc > 24 hours	5%
			Mean time to repair (POTS)	21.00
	% dial tone speed within 3 secs	96.8%		
	Avg speed of ans - toll operator	3.6 secs	Avg speed of ans - toll operator	3.40
	Avg speed of ans -information	5.9 secs	Avg speed of ans - DA	5.60
	Avg speed of ans - intercept	6.2 secs	Avg speed of ans - intercept	5.60
	Annual trunk groups below obj.	4.5 or less		
				1.00
Indiana	Bus Ofc answer within 20 secs	80%	Bus Ofc answer within 20 secs	80%
	% trunks with no blockage	97%		
	Repair answer within 20 secs	80%	Repair answer within 20 secs	80%
	% install within 5 days	90%	% not installed within 5 days	10%
			% installation missed appointments	1.00%
	Avg speed of ans - toll operator	3.3 secs	Avg speed of ans - toll operator	3.10
	Avg speed of ans - information	7.7 secs	Avg speed of ans - DA	5.60
	% of dial tone speed within 3 secs	95.0%		
	Local call completion	95.0%		
	Trouble reports per 100 lines	10.0	Initial trouble report rates (POTS)	3.0%
Michigan	Avg repair speed of answer	25 secs	POTS repair speed of answer	25
	Service order commitments met	90%	% installation missed appointments	1.00%
	Avg repair speed (Hrs:min)	36:00	Mean time to repair (POTS)	21.00
	% repeat trouble reports	Not set	POTS % Repeat Reports	10.0%
	Trouble reports per 100 lines	6.0	Initial trouble report rates (POTS)	3.00%
	Avg speed of ans - information	10.0 secs	Avg speed of ans - DA	6.70
	Bus Ofc answer within 20 secs	Not set	Bus Ofc answer within 20 secs	80%
Ohio	Repair answer within 20 secs	90% (Note 1)	POTS repair speed of answer	90%
	Bus Ofc answer within 20 secs	90% (Note 1)	Bus Ofc answer within 20 secs	80%
	Avg speed of ans - toll operator	7.0 secs (Note 2)	Avg speed of ans - toll operator	6.70
	Avg speed of ans - information	7.0 secs (Note 2)	Avg speed of ans - DA	6.70

	Measure	Regulatory Objective	Internal Measure	Internal Objective
	% install within 5 days	90%	% not installed within 5 days	10%
	% install within 90 days	99% (Note 3)	No longer applicable	N/A
	% install appointments met	90% (Note 4)	% installation missed appointments	1.00%
	Regrade service within 90 days	90% (Note 3)	No longer applicable	N/A
	Regrade service within 1 year	99% (Note 3)	No longer applicable	N/A
	Trouble reports per 100 lines	6.0 (Note 5)	Initial trouble report rates (POTS)	3.00%
	% Out of Svc < 24 hours	90% (Note 4)	% Out of Svc > 24 hours	5%
			Mean time to repair (POTS)	21.00
	% dial tone speed within 3 secs	98.0%		
	Inter-office call completion rate	97.0%		
	% repair appointments met	(Note 4)	POTS Repair % missed appointment	5.00%
Wisconsin	Avg installation time (days)	2.85	% not installed within 5 days	10%
			% installation missed appointments	1.00%
	Trouble reports per 100 lines	1.88	Initial trouble report rates (POTS)	3.00%
	Avg time out of service (hrs)	15.64	Mean time to repair (POTS)	21.0 (Note 6)
	% repeat trouble reports	15.59%	POTS % Repeat Reports	10.0%
	Avg repair speed of answer	20 secs	POTS repair speed of answer	92%
	Repair answer within 20 secs	92%	POTS repair speed of answer	92%
	% Out of Svc < 24 hours	95%	% Out of Svc > 24 hours	5%
	Avg speed of ans - toll operator	2.7 secs	Avg speed of ans - toll operator	2.60
	Avg speed of ans - information	6.3 secs	Avg speed of ans - DA	6.10

Notes:

1 Objective was modified to 60 second average by new Minimum Telephone Service Standards (MTSS rules effective July 1997)
2 Objective was modified to 20 second average by new MTSS rules
3 Measure no longer required under new MTSS rules
4 Objective is 100% under new MTSS rules (unless customer is notified). Misses result in customer credits
5 Objective was modified to 3.0 by new MTSS rules
6 Includes service affecting and out-of-service

Attachment 3
to the Affidavit of Wharton B. Rivers

State Service Quality Results
1995 - 1Q98

	Measure	Objective	1995	1996	1997	3 Months YTD 1998
Illinois	% install within 5 days	95.44%	99.2%	96.4%	97.7%	97.6%
	Trouble reports per 100 lines	2.66	2.33	2.51	2.04	1.81
	% Out of Service >24 hours	5%	14.2%	13.5%	13.1%	20.5%
	% dial tone speed within 3 secs	96.8%	99.8%	99.98%	99.9%	99.7%
	avg speed of answer - toll operator (secs)	3.6 secs	2.9	3.0	2.86	2.85
	avg speed of answer - information (secs)	5.9 secs	3.5	4.9	4.94	4.82
	avg speed of answer - intercept (secs)	6.2 secs	6.1	3.2	3.71	1.49
	Annual trunk groups below objective	4.5 or less	3.0	1.0	0.0	1.0
Indiana	Bus office answer within 20 seconds (%)	80%	50.9	61.1	54.0	46.0
	% trunks with no blockage	97%	98.8	98.0	98.4	97.2
	Repair answer within 20 secs (%)	80%	73.6	86.5	84.4	82.7
	% install within 5 days	90%	92.8	93.1	97.3	98.6
	avg speed of answer - toll operator (secs)	3.3 secs	2.1	2.9	2.9	2.7
	avg speed of answer - information (secs)	7.7 secs	3.8	4.8	4.9	5.0
	% dial tone speed within 3 secs	95.0%	100	99.8	99.9	99.4
	local call completion (%)	95.0%	99.8	99.8	99.9	99.9
	Trouble reports per 100 lines	10.0	1.9	3.1	2.4	1.8
Michigan	Avg repair speed of answer	25 secs		17 secs	17	17
	Service order commitments met (%)	90%		96.1%	96.4	93.4
	Avg repair speed (Hrs:min)	36:00		28:56	29:14	34:51
	% repeat trouble reports	not set		16.8	16.0	16.0
	Trouble reports per 100 lines	6.0		2.5	2.02	1.76
	avg speed of answer - information (secs)	10.0		5.0	5.84	5.49
	Bus office answer within 20 seconds (%)	not set		66.8%	53.5	45.7

Michigan Note: No 1995 data shown. New service quality standards were established in July 1996.

	Measure	Objective	1995	1996	1997	3 Months YTD 1998
Ohio	Repair answer within 20 sec (%)	90% (Note 1)	86.1	92.1	92.7	27.62
	Bus ofc answer within 20 sec (%)	90%	84.1	91.6	92.6	67.45
	Avg speed of ans - toll operator (secs)	7.0 secs (Note 2)	4.0	4.6	5.9	6.18
	Avg speed of ans - information (secs)	7.0 secs	5.3	5.0	5.4	5.39
	% install within 5 days	90%	97.1	99.0	97.8	90.8
	% install within 90 days	99% (Note 3)	100.0	100.0	n/a	n/a
	% install appointments met	90% (Note 4)	94.1	95.2	96.6	n/a
	Regrade service within 90 days (%)	90% (Note 3)	100.0	100.0	n/a	n/a
	Regrade service within 1 year (%)	99% (Note 3)	100.0	100.0	n/a	n/a
	Trouble reports per 100 lines	6.0	2.4	2.2	1.87	1.74
	% out of svc <24 hours	90% (Note 4)	88.5	93.0	92.8	83.5
	% dial tone speed within 3 secs	98.0%	99.1	99.2	n/a	n/a
	Inter-office call completion rate (%)	97.0%	100.0	100.0	n/a	n/a
	% repair appointments met	(Note 4)			95.5 %	94.9
Wisconsin	Avg installation time (days)	2.85		2.3	2.18	2.29
	Trouble reports per 100 lines	1.9		1.45	1.45	1.24
	Avg time out of svc (hrs)	14.99		19.9	22.71	21.14
	% repeat trouble reports	14.93		13.6	13.6	12.5
	Avg repair speed of answer (secs)	20 secs		7	7	8
	Repair answer within 20 secs (%)	92%		95.1	94.5	93.4
	% out of service> 24 hours	95%		81.4	77.7	77.5
	avg speed of answer - toll operator (secs)	2.7 secs		2.2	2.14	2.16
	avg seed of answer - information (secs)	6.3 secs		5.0	5.02	4.88

Ohio Notes:
Objective was modified to 60 second average by new Minimum Telphone Service Standards (MTTS) rules effective July 1997.
Objective was modified to 20 second average by new MTSS rules
Measure no longer required under new MTSS rules
Objective is 100% under new MTSS rules (unless customer is notified). Misses result in customer credits.

Pursuant to 47 C.F.R. §§ 1.743(c), 1.913(c), 5.54(c), the preceding document is a copy of the original signed affidavit, which was filed as an attachment to Exhibit 2 to the Form 490 applying for the Commission's consent to transfer control of Part 22 licenses held by Detroit SMSA Limited Partnership from Ameritech Corporation to SBC Communications Inc. That Form 490 was filed concurrently with this application.

Affidavit of [redacted] J. Gilbert
and Robert G. Harris